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SUBJECT: Central Bank Agrees to Continue and Expand Mobile Money
Pilot Project

REF: KABUL 3077

1. (SBU) SUMMARY: Afghanistan's Central Bank Governor Abdul Qadeer Fitrat has agreed to extend indefinitely a mobile money pilot (m-Money) with the Afghan National Police (ANP) in Wardak province. In an October 1 meeting with EmbOffs, CSTC-A representatives, m-Money program participants, and mobile telephone operating company Roshan, Fitrat also authorized expanding the pilot with ANP to other provinces as well as additional Afghan ministries. According to Roshan, the program operator, and CSTC-A, the military element overseeing the Wardak pilot, the program in Wardak province has been very successful and ANP officers' take-home salaries are 30 percent higher than when they received them in cash. Although there were some administrative challenges in the initial stages of the Wardak rollout, participants expect they will be overcome as the pilot expands to additional provinces. Fitrat also discussed problems Kabul Bank is having paying government salaries and asked Roshan representatives to select m-Money agents carefully to ensure customers are protected. Overall, Fitrat is satisfied with the m-Money pilot and supportive of its expansion. END SUMMARY.

2. (SBU) On October 1, Treasury Attach and Senior Deputy Coordinating Director for Development and Economic Affairs discussed bank expansion and continuation of Roshan's ANP salary disbursement project in Wardak province, Jalreez district with Central Bank Governor Fitrat. Representatives of the U.S. Training Command (CSTC-A), which helped with coordination and implementation efforts on this project, also participated. CSTC-A, along with Roshan executives outlined the Wardak pilot and argued to continue it and expand m-Money services to additional provinces and Afghan ministries. Fitrat agreed to continue the Wardak pilot indefinitely, expand ANP pilots and explore additional pilots with other Afghan ministries (e.g., Ministry of Energy and Water for payment of electricity bills; payment of salaries for Ministry of Education).

3. (SBU) The combined Roshan/CSTC-A brief pointed out several important aspects of the ongoing Wardak pilot project. First, the ANP officers participating in the program are pleased with the pilot's results. Several ANP officers reported their salary is 30 percent higher than they thought, an important metric demonstrating the technology's ability to reduce skimming and other corruption. Second, Roshan found the Ministry of Interior had not been fully supportive or prepared to start the process when the pilot was launched, failing to provide dedicated personnel resources. While these problems were overcome during the pilot, a more robust system is necessary for a broader roll-out of m-Money salary disbursement. Finally, Roshan, CSTC-A, and the Ministry of Interior will continue the pilot in Wardak indefinitely and begin similar pilot programs in other provinces soon. CSTC-A presented Fitrat with notional expansion provinces based on the following criteria: a) banking payroll method; b) distances to and from the nearest bank versus an M-Paisa agent; c) cellular telephone coverage; and d) the province's threat level. Based on this assessment, CSTC-A recommended Patika,

Farah, Khost, Kandahar, and Ghazni as sites for additional m-Money salary payment pilots.

¶4. (SBU) Fitrat also noted concern over Kabul Bank's inability to deliver government salary payments before the Eid holiday and indicated he would like to distribute government salary payment contracts (which the Ministry of Finance competed and awarded to Kabul Bank) among other banks or ensure Kabul Bank can improve its capacity moving forward. On a similar note, Fitrat asked Roshan to select its agents carefully and take precautions to safeguard its customers. Roshan executives noted they are selecting and equipping qualified agents and expect to have 500 in place nationwide by the end of the year. They also told Fitrat negotiations are underway with Azizi Bank, Maiwand Bank, and First MicroFinance Bank as potential agents for M-Paisa (which is Roshan's m-Money platform) and asked for his help in more successfully engaging licensed money service providers.

¶5. (SBU) COMMENT: Fitrat praised all those involved in the project using mobile banking to pay ANP salaries and its impact on spreading technology to the local level in Afghanistan. He promised the Central Bank will quickly address matters related to expanding mobile money and offered to facilitate meetings with various financial sector entities per Roshan's request. Following the meeting, Roshan executives and CSTC-A both noted they were pleased with the outcome of the meeting and would begin work immediately to implement a broader ANP rollout, as well as new pilots with other ministries. Regulations for m-commerce, which will formalize procedures for m-Money transactions, are out for public comment and due to be reviewed by the Central Bank's Supreme Council at the end of October. Once adopted, Roshan and other service providers will be able to move beyond pilots to full roll-out of these services according to the regulations.

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